

VZCZCXRO5098
PP RUEHFK
DE RUEHKO #2861 1440231
ZNR UUUUU ZZH
P 240231Z MAY 06
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 2436
RUEKJCS/SECDEF WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA PRIORITY
RHHMUNA/HQ USPACOM HONOLULU HI PRIORITY
RHHMHBA/COMPACFLT PEARL HARBOR HI//N541// PRIORITY
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA// PRIORITY
RUHBANB/OKINAWA FLD OFC US FORCES JAPAN CP BUTLER JA PRIORITY
RHMFIUU/COMUSJAPAN YOKOTA AB JA PRIORITY
INFO RUEHFK/AMCONSUL FUKUOKA 6364
RUEHOK/AMCONSUL OSAKA KOBE 9585
RUEHBJ/AMEMBASSY BEIJING 2428
RUEHMO/AMEMBASSY MOSCOW 1043
RUEHUL/AMEMBASSY SEOUL 8606
RUCNDT/USMISSION USUN NEW YORK 0410
RHEHAAA/NSC WASHDC

UNCLAS TOKYO 002861

SIPDIS

SIPDIS

STATE FOR I/RF, PA/PR/FPC/W, IIP/G/EA, EAP/PD, R/MR,
EAP/J, EAP/P, PM;
USTR FOR PUBLIC AFFAIRS OFFICE;
TREASURY FOR OASIA/IMI;
SECDEF FOR OASD/PA;
CP BUTLER OKINAWA FOR AREA FIELD OFFICE;
PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [JA](#)

SUBJECT: MEDIA REACTION PALESTINIAN AUTHORITY - TOKYO

LEAD STORIES: Most Wednesday morning dailies led with the combined total of 3.12 trillion yen in net profits posted by the nation's six largest banking groups for the business year ending March 31, stating that this represents a complete turnaround for Japanese financial institutions, which had been hobbled by nonperforming loans just a few years ago.

1. "Can Palestinians Really Be Called Partners in Peace?"

The top-circulation, moderate Yomiuri editorialized (5/24): "The prospects for Middle East peace talks have become cloudy, as the Palestine Authority (PA) is losing its ability to function as a negotiating partner. The PA is facing a severe budget crunch, and it has been unable to pay the salaries of some 160,000 officials. Last month, the US and the EU announced their suspension of aid to the PA, which last year accounted for roughly half that organization's operating budget. Israel is also refusing to hand over the tariffs it collects on behalf of the Palestinians. This crisis has mainly been brought on by the intractable position of the Islamic fundamentalist group Hamas.... The international community is facing a dilemma, as the suspension of aid, which is directed at Hamas, is hurting the Palestinian people who elected them. It is understandable that the US, EU, UN, and Russia are exploring direct assistance to the Palestinian people through the World Bank, bypassing the Hamas government altogether....

"With the power struggle in the Palestinian territories continuing, Israel is likely to push ahead with its own security policy. In that event, the international community will have no means available to promote peace. While Israeli Prime Minister Olmert will meet with President Bush soon, a breakthrough on the peace process is extremely unlikely. The Palestinian leadership must

wake up to its responsibility and adopt a realistic approach."

SCHIEFFER